



IDFC EMERGING BUSINESSES FUND

(Small Cap Fund – An open ended equity scheme predominantly investing in small cap stocks)

- Fund focuses on building a diversified portfolio within the small cap segment.
- Portfolio will contain buy and hold strategies as well as opportunistic picks in the cyclical space.
- Fund may also look to participate in new businesses via IPOs.

FUND PHILOSOPHY*

The fund aims to identify and invest in companies with steady growth prospects, operating in industries with a stable growth visibility over the medium term – 2-4 years. The fund would be willing to pay higher valuation for companies with distinct segment leadership advantages and/or for companies operating in segments which are witnessing a boost of growth due to change in industry dynamics; regulatory changes / geographical shifts. While not eschewing completely, the fund aims to limit exposure to “deep” cyclical and focus more on companies and sectors with secular growth outlook. Hence, the valuation metrics of the fund – P/E; EV/EBIDTA; EV/Sales may appear to be more expensive than the benchmark.

Consumer facing rather than B to B is another focus area of the fund. The fund aims to ensure participation in non-small caps as a measure of higher liquidity as well addressability for investing in sectors where size brings noticeable advantage – BFSI, for example. The fund aims to hold cash levels of upto 10% across time periods, both as a measure of liquidity as well as to capitalize on opportunistic investing. Lastly, rather than try to outperform the benchmark on the upside, the fund would aim to conserve capital by limiting downside during periods of drawdowns, a dominant (and painful) characteristic of small cap investing.

OUTLOOK

During the month of January’22, equity markets across the globe were largely impacted by US Fed utterances regarding interest rates and balance sheet contraction. Markets roiled at the prospects of tightening liquidity and a phase of rising interest rates. On domestic front, the Union Budget 2022-23 was largely viewed as a positive by equity markets. The equity markets took solace from the conservative assumptions for revenue collections going in to FY23 and modest expenditure growth with a clear tilt on capital spending across, roads; railways & affordable housing sectors. The early birds in the earnings season have reported a mixed bag – robust sales growth and outlook, shrinking margin due to higher input prices and inability to completely pass on these cost surges. Unseasonal rains had also dampened demand in certain segments/sectors. As a result FY22 & 23 estimates may be downgraded marginally, though analysts seemed to be re-assured by management commentary and FY24 estimates remain largely unchanged.

FUND FEATURES: (Data as on 31st January’22)

Category: Small Cap Fund

Monthly Avg AUM: ₹1,449.91 Crores

Inception Date: 25th February 2020

Fund Manager: Mr. Anoop Bhaskar

Benchmark: S&P BSE 250 SmallCap-TRI

Exit Load:

1% if redeemed/switched out within 1 year from the date of allotment

Minimum SIP Amount: ₹100 and in multiples of ₹1 thereafter

SIP Frequency: Monthly

SIP Dates (Monthly): Investor may choose any day of the month except 29th, 30th and 31st as the date of instalment.

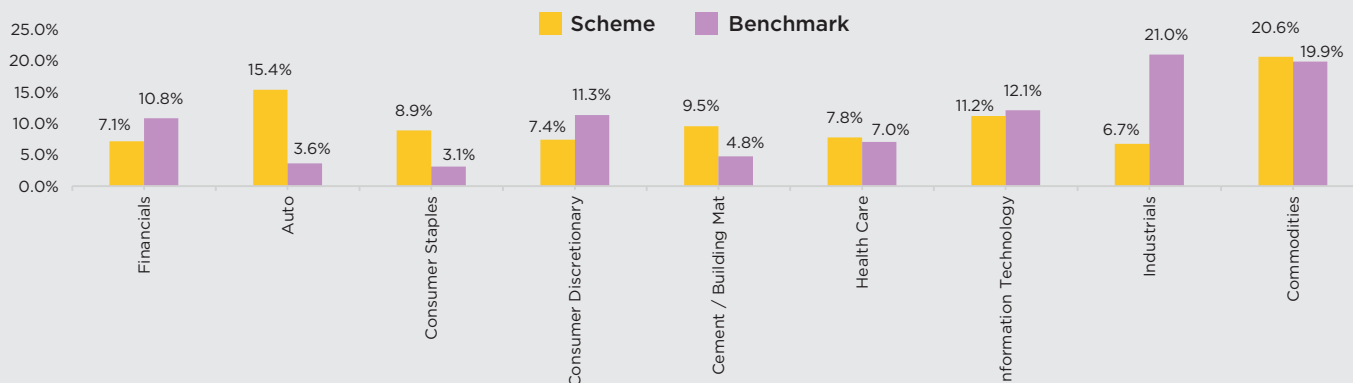
Options Available: The Scheme offer IDCW® Option & Growth Option. IDCW® Option under each Plan further offers of choice of Payout & Sweep facilities.

@Income Distribution cum capital withdrawal

Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	94.55%	Tata Motors	1.75%
Consumer Non Durables	13.06%	Maruti Suzuki India	1.54%
Radico Khaitan	4.69%	Healthcare Services	4.39%
Balrampur Chini Mills	2.61%	Narayana Hrudayalaya	2.24%
DCM Shriram	1.59%	Krishna Institute of Medical Sciences	1.08%
United Spirits	1.02%	Krsnaa Diagnostics	1.07%
Heritage Foods	0.87%	Leisure Services	3.94%
DFM Foods	0.79%	Westlife Development	1.90%
Godfrey Phillips India	0.78%	EIH	1.53%
Emami	0.70%	Burger King India	0.51%
Software	11.16%	Capital Markets	3.44%
Birlasoft	3.64%	Multi Commodity Exchange of India	1.93%
Zensar Technologies	2.54%	UTI Asset Management Company	1.51%
eClerx Services	1.97%	Pharmaceuticals	3.37%
Cyient	1.85%	Gland Pharma	1.29%
Mastek	1.16%	FDC	1.07%
Industrial Products	10.88%	Laurus Labs	1.01%
Shaily Engineering Plastics	3.63%	Cement & Cement Products	2.93%
Carborundum Universal	2.16%	Sagar Cements	1.60%
Polycab India	1.96%	JK Lakshmi Cement	1.33%
Graphite India	1.36%	Banks	2.13%
EPL	0.77%	State Bank of India	2.08%
Kirloskar Brothers	0.75%	Suryoday Small Finance Bank	0.05%
Huhtamaki India	0.24%	Commercial Services	2.03%
Auto Ancillaries	8.85%	TeamLease Services	2.03%
Wheels India	2.41%	Power	1.57%
Alicon Castalloy	1.93%	Kalpataru Power Transmission	1.57%
Jamna Auto Industries	1.72%	Finance	1.55%
Automotive Axles	1.52%	Poonawalla Fincorp	1.06%
GNA Axles	1.27%	JM Financial	0.49%
Consumer Durables	8.48%	Pesticides	1.38%
Kajaria Ceramics	3.02%	Heranba Industries	1.38%
Metro Brands	2.13%	Retailing	1.33%
Mayur Uniquoters	1.72%	V-Mart Retail	1.33%
Cera Sanitaryware	1.01%	Petroleum Products	1.25%
Greenply Industries	0.61%	Gulf Oil Lubricants India	1.25%
Chemicals	6.40%	Textiles - Cotton	0.93%
NOCIL	2.84%	Nitin Spinners	0.93%
Navin Fluorine International	2.25%	Construction	0.22%
Chemplast Sanmar	1.31%	Mahindra Lifespace Developers	0.22%
Auto	5.27%	Net Cash and Cash Equivalent	5.45%
Ashok Leyland	1.98%	Grand Total	100.00%



SECTOR ALLOCATION



<p>Scheme risk-o-meter</p> <p>Investors understand that their principal will be at Very High risk</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> To create wealth over long term. Investment in equity and equity related instrument of small cap companies. <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p>Benchmark risk-o-meter</p> <p>S&P BSE 250 SmallCap TRI</p>
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